

THE RELATIONSHIP BETWEEN PROFITABILITY RATIO (ROE, ROA, PM AND OPM) AND FINANCIAL PERFORMANCE OF MAHKOTA MEDICAL CENTRE SDN BHD

**SURIATI BINTI SELAMAT
2008768265**

**Submitted in Partial Fulfillment of the Requirement for the
Bachelor of Business Administration (Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
MARA UNIVERSITY OF TECHNOLOGY
MELAKA**

OCTOBER 2010

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE FACULTY OF BUSINESS MANAGEMENT MARA UNIVERSITY OF TECHNOLOGY MELAKA

“DECLARATION OF ORIGINAL WORK”

I, SURIATI BINTI SELAMAT, (I/C Number: 870605 – 04 - 5084)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

LETTER OF SUBMISSION

OCTOBER 2010

The Head of Program
Bachelor of Business Administration (Hons) International Business
Faculty of Business Management
Universiti Teknologi MARA
75200 MELAKA

Dear Sir/Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “THE RELATIONSHIP BETWEEN PROFITABILITY RATIO (ROE, ROA, PM AND OPM) AND FINANCIAL PERFORMANCE OF MAHKOTA MEDICAL CENTRE SDN BHD” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA

Thank you

Yours sincerely

SURIATI BINTI SELAMAT
2008768265
Bachelor of Business Administration (Hons) International Business.

TITLE PAGE	I
DECLARATION OF ORIGINAL WORK	II
LETTER OF SUBMISSION	III
ACKNOWLEDGEMENT	IV
TABLE OF CONTENTS	V
LIST OF TABLES	VIII
LIST OF FIGURE	VIII
ABSTRACT	IX
 CHAPTER 1 – INTRODUCTION	
1.0 Overview of Hospital Financial Health	1
1.1 Background of Study	2
1.2 Problem Statement	4
1.3 Research Questions	6
1.4 Research Objectives	6
1.5 Significant of Study	8
1.6 Scope of Study	9
1.7 Limitation of the Study	9
1.8 Definition of Term	11
1.9 Summary	14

ABSTRACT

The relationship between profitability ratio and financial performance has raised a number of questions among the academics which could becomes management system serves as a better control mechanism that may lead company to have a better in their financial performance. Measuring hospital financial performance is commonly performed by analyzing profitability of the company. Thus, the central issue that discussed in this study was focused heavily on the relationship that may exist between profitability ratio which are Return on Asset, Return on Equity, Profit Margin and Operating Profit Margin with financial performance of Mahkota Medical Centre Sdn Bhd. The paper will concentrated on Statutory Financial Statement of Mahkota Medical Centre Sdn Bhd from the period of June 2002 to June 2009. The study will be used Correlation analysis, F-Statistic and T-Statistic to see the relationships between dependent and independent variables. Financial performance will be used as dependent variable and Return on Asset, Return on Equity, Profit Margin and Operating Profit Margin will be used as independent variables. According to the analysis for the year 2002 to 2009, which based on F -Statistic and Correlation Analysis found that, it is proved that there is a significant relationship exists between financial performance and profitability ratio of Mahkota Medical Centre Sdn Bhd.